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## Why Freezing Your Credit Is Now Easier Than Ever

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As a part of the Economic Growth, Regulatory Relief and Consumer Protection Act, fees for implementing and removing credit freezes at consumer reporting agencies have been eliminated starting September 21<sup>st</sup>, 2018. This means that protecting your credit history is getting simpler and less expensive.

### What is a credit freeze?

A credit freeze is a way to protect your personal information from fraud and identity theft. Implementing a credit freeze means that no one can access your credit files to open a new account in your name. Fees varied by state, but previously, it could cost up to \$30 for consumers to freeze their credit reports with the three major credit bureaus, and the same fees applied to lift the freeze.

Credit bureaus offer a similar service called a credit 'lock'. However, there are some significant differences. Rules to freeze your credit are mandated by law. Credit locks are designed and implemented by each credit bureau and the rules vary. In addition, you may be subject to fees, your information may be used for marketing purposes or shared with other financial companies, and in the case of TransUnion, you are compelled to agree to an arbitration clause.

### How to implement a credit freeze

You can freeze your credit file by calling or filling out a form on the website of each credit bureau. The three largest of these are:

**Equifax:** <https://www.equifax.com/personal/credit-report-services/>

**Experian:** [Experian.com/help](https://www.experian.com/help)

**TransUnion:** <https://www.transunion.com/credit-help>

You will need your name, address, date of birth, Social Security number and additional personal information to confirm your identity. When your credit is frozen, each credit bureau issues you a PIN to use to freeze and thaw your account. As with any password, it's important to keep this number confidential.

The freeze will remain in place until you ask the credit bureau to remove it, either temporarily or permanently. If the request is made online or by phone, action to lift the freeze must be made within an hour; if the request is made by mail, then the company must remove the freeze no later than three business days after receiving your letter. To apply for a loan or credit card, you will need to lift the freeze on your account. Applying for insurance or renting an apartment may also spur a credit check. A

potential employer may check your credit as part of a job application. All of these will necessitate a temporary lift of the freeze.

### **Should you place a credit freeze?**

While there is no longer a monetary cost to placing a freeze on your credit, there is still a cost in terms of the time and effort to contact each credit bureau. However, the cost is minor in comparison to the time it might take to recover from identity theft. If you are in the midst of shopping for a mortgage or car loan, placing a credit freeze doesn't make sense. For most others, placing a credit freeze will offer some additional peace of mind.

We recommend that you check your credit at least annually via [www.annualcreditreport.com](http://www.annualcreditreport.com). If you see fraudulent credit activity, then implementing a credit freeze is a must.

Keep in mind, however, that if your current credit information falls into the hands of a criminal as a result of a theft or data breach, a credit freeze won't prevent your card from being used to make fraudulent purchases. A credit freeze only prevents unauthorized persons from opening new accounts in your name.

Placing a credit freeze does not change your credit score. In addition, freezing your credit will not stop prescreened credit offers, and existing creditors and debt collectors acting on behalf of your existing creditors will still have access to your credit report.

### **Additional impacts of the new law**

**Fraud alerts.** The new law also makes changes to fraud alerts. A fraud alert is a less stringent way to protect your credit. Instead of being prohibited from obtaining your credit report, when lenders pull your reports they will be notified that you may be the victim of identity theft and should reach out to you before opening an account in your name. Previously, fraud alerts stayed in place 90 days; now the time on an initial alert is extended to one year and victims of identity theft can extend the fraud alert to seven years.

**Protection for children.** More than 1 million children were victims of identity theft in 2017. Children are particularly vulnerable because no records exist on them and the fraud can go undiscovered for years. Parents can now place a freeze on a credit file for children under 16. Often, children won't have a credit file, but the law directs the credit bureaus to create one and then freeze it, protecting the child from fraud. When placing a credit freeze on a child's account, be sure to secure the PIN used to thaw the account. Placing a credit freeze on your children's accounts is an easy way to safeguard their future credit.

**Military personnel.** Within a year, credit reporting agencies must offer free electronic credit monitoring to all active duty military.

### **A Final Thought**

Building a solid credit history is an important part of your financial life. The ability to freeze and thaw your credit record for free means that there is one less barrier to being able to protect your credit history, giving you a simpler way to keep your personal information safe. Take advantage of the opportunity.